



United States of Agriculture
Farm and Foreign Agriculture Services
Risk Management Agency

May 15, 2001

INFORMATIONAL MEMORANDUM: R&D-01-024

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Tim B. Witt /s/ *Jacqueline Blanks* for
Deputy Administrator

SUBJECT: Calculating the Reduction in Value (RIV) for Quality Adjustment of Durum Wheat

ISSUE:

Questions have been raised regarding which durum price should be used in the calculation of the RIV of durum wheat that is eligible for quality adjustment.

BACKGROUND:

There are three different subclasses of durum wheat: durum, amber durum, and hard amber durum. This has created some confusion regarding the subclass used to calculate the RIV for quality adjustment services. Risk Management Agency has verified that U.S. No. 2 Hard Amber Durum (HAD) represents the average quality over the last 5 years, and is the price basis used to determine the Federal Crop Insurance Corporation's durum wheat price elections.

ACTION:

The local market price for U.S. No. 2 HAD must be used to calculate the RIV for quality adjustment of eligible insured durum wheat, even if the durum wheat has been insured as regular spring wheat (type code and price election), for any plan of insurance that may offer such coverage unless specified otherwise.

DISPOSAL DATE:

This Informational Memorandum is for the purpose of transmitting information and the disposal date is December 31, 2001.



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The Risk Management Agency Administers and Oversees

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